

Message Text

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ACTION EUR-12

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TRSE-00 SIL-01 LAB-04 CU-04 HEW-06 CIAE-00 DODE-00

PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01

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TAGS: ECON, SP

SUBJECT: GOVERNMENT DECLARATION - ECONOMIC PORTION

REF: MADRID 5505 (NOTAL)

1. FOLLOWING IS EMBASSY'S TRANSLATION OF ECONOMIC
POINTS IN THE PROGRAMMATIC DECLARATION ISSUED BY THE
GOS JULY 17 WHICH ARE DESIGNED TO GIVE MAXIMUM PRIORITY
TO THE SOLUTION OF ECONOMIC AND SOCIAL PROBLEMS:

QTE. WHILE THE CONVICTION THAT IN A FREE AND COM-
PETITIVE MARKET, THE ECONOMIC PROGRESS OF SPANISH
SOCIETY DEPENDS TO A GREAT EXTENT ON THE DYNAMISM
AND CREATIVE CAPACITY OF THE SPANISH BUSINESSMEN'S
INITIATIVE, AS WELL AS ON THAT OF THE LABOR FORCE,
THE GOVERNMENT PROPOSES TO:

A) STIMULATE FREEDOM OF COMPANIES AND THE MARKET,
ELIMINATING UNNECESSARY ADMINISTRATIVE INTERVENTION.

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B) STRENGTHEN THE INTERNAL FINANCIAL STRUCTURE OF COMPANIES, BY ADOPTING REQUIRED TAX AND ACCOUNTING MEASURES.

C) PROMOTE PRODUCTIVE INVESTMENTS, STIMULATING SELF-FINANCING AND FACILITATING, PREFERABLY THROUGH BANKS AND SAVINGS INSTITUTIONS, ADEQUATE RESOURCES FOR FINANCING OF COMPANIES.

D) PROMOTE SAVINGS AND SUPPORT THE STOCK EXCHANGE.

E) STRENGTHEN THE DEDICATION OF PUBLIC RESOURCES TO INVESTMENT IN THOSE SECTORS HAVING A GREATER CAPACITY FOR THE IMMEDIATE CREATION OF JOBS, DEVELOPING SPECIFIC MEASURES WITHIN AREAS HAVING THE GREATEST UNEMPLOYMENT AND EMIGRATION, AND TAKING NECESSARY STEPS TO CORRECT PRESENT DEFICIENCIES IN LABOR MOBILITY.

F) PROGRESSIVELY ACCELERATE THE ORDERING OF LABOR RELATIONS, FOLLOWING MODELS EXISTING IN THE WESTERN WORLD, WITH EXPRESS RECOGNITION OF SYNDICAL (UNION) LIBERTIES, IN ACCORDANCE WITH THE PRINCIPLES THAT GUIDE THE INTERNATIONAL LABOR ORGANIZATION WITH EFFECTIVE AND STRICT APPLICATION OF UNEMPLOYMENT INSURANCE.

G) SAFEGUARD THE PURCHASING POWER OF SALARIES AND PENSIONS AND IMPROVE THE EFFECTIVENESS AND COVERAGE OF SOCIAL CONTRIBUTIONS.

H) PAY SPECIAL ATTENTION TO IMPROVEMENT OF LIVING CONDITIONS IN RURAL AREAS AND CARRY OUT A DECISIVE AND EXACTING POLICY FOR AGRICULTURAL PRODUCTION AND PRICES.

I) IN ORDER THAT THESE MEASURES BE EFFECTIVE AND PRODUCTIVE, IT IS NECESSARY TO HAVE GREATER INTERNAL AND EXTERNAL ECONOMIC STABILITY. THIS WILL MEAN REDUCING INFLATION, WITHOUT PREJUDICE TO THE UNCLASSIFIED

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PARALLEL APPLICATION OF A SELECTIVE REACTIVATION POLICY. THE GOVERNMENT, WORRIED OVER THE PRESENT BUDGETARY DEFICIT, WILL DEVOTE SPECIAL ATTENTION TO THE FINANCIAL SITUATION OF THE PUBLIC SECTOR, AND TO A GREATER CONTROL AND EFFECTIVENESS OF PUBLIC EXPENDITURE.

LIKEWISE, IT PROPOSES TO CARRY OUT AN EFFECTIVE

MONETARY POLICY, ACCOMPANIED BY A VIGOROUS AND
REALISTIC POLICY ON PRICES, WHICH SHOULD GUARANTEE
THE GREATEST POSSIBLE STABILITY OF BASIC PRODUCTS.

LASTLY, IT CONSIDERS THAT THE ACHIEVEMENT OF
EQUILIBRIUM IN THE BALANCE OF PAYMENTS NEEDS
CONTINUING ACTION. IN THIS CONNECTION, IT INTENDS
TO FAVOR EXPORTS BY CREATING THE NECESSARY FINANCIAL,
ECONOMIC, AND COMMERCIAL CONDITIONS, SUPPORT SPANISH
FIRMS ABROAD, AND REPLACE IMPORTS WITHOUT CLOSING
THE SPANISH ECONOMY TO FOREIGN COMPETITION. UNQTE.

2. EMBASSY COMMENT AND ANALYSIS FOLLOWS.
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